



**To: Representative Tom Leonard, Chairman
House Insurance Committee Members**

From: Dave Finkbeiner, Senior Vice President, Advocacy

Date: April 22, 2015

Re: OPPOSE: Senate Bill 248 & 249 Auto No-Fault

Good afternoon.

I am Dave Finkbeiner, senior vice president for Advocacy at the Michigan Health & Hospital Association. On behalf of our member hospitals, thank you to the committee for your attention to the very significant issue of how we care for patients who have suffered auto accidents, how we reimburse providers so that care is available and how we keep the entire system fair for drivers.

I have been disappointed in the characterization that Michigan hospitals are responsible for preventing forward motion on changes to the no-fault system. Five years ago the MHA had an official position to oppose any cap on the lifetime benefit, any changes to provider fees, and any change to the design of the existing catastrophic claims association.

By 2013, the MHA board of directors had directed the association to support a reasonable cap on benefits, and to roll back hospital rates to those in effect in 2012 and freeze those rates for two years. A few weeks ago the MHA put a different rate reduction on the table...a flat 20% reduction in all hospital rates and to freeze those rates for two years. Future rate adjustments would be limited to inflation.

We have also informally suggested that a new catastrophic coverage mechanism could work if it were a licensed insurer, with adequate financial support and regulation. We believe your questions about how a new fund would operate and how it would be capitalized are important. Proponents say Senate Bill 248 does not cap the existing benefit. But if this fund goes broke we go from what we need to a benefit of \$545,000. We hope you agree that if the new fund is not financially stable and well-regulated that it should not be adopted.

Yesterday Rep. Webber asked "who is on the hook for the claims" of this new fund. We should all know who will take care of severely injured people who have paid for the coverage if that fund were to run out of money. Each of us here will be required to pay for that coverage. Will we have a contract that we can depend on if we are unlucky enough to need care at that level?

On behalf of our patients and hospital employees, we ask this committee to take the time to consider the future consequences of making this change. Like the MEGA tax credits, this looks like a simple solution. But as we are now all aware, those simple, reasonable and attractive tax cuts are now a huge problem for our state.

Our plan to reduce hospital rates is equivalent to taking \$500 million, in other words a half-billion dollars, out of the no-fault system. We think this is real money and it means real cuts to hospitals and potentially real job cuts. And yet the auto insurers will not recognize this with even the smallest guaranteed premium reduction. The hospital rate reductions are permanent. Where is the corresponding permanent savings for drivers?

PrcCode	Description	No-Fault Reimbursement			Medicare Reimbursement		
		Detroit	Lansing	Grand Rapids	Detroit, MI	Rest of Michigan	W/Comp
97110	Therapeutic exercises for strength (each 15 minutes); usually charged by Physical Therapist	79.38	56.17	57.97	30.66	29.03	41.57
98941	Chiropractic manipulative treatment; spinal, 3-4 regions	72.60	60.67	57.05	36.43	34.22	48.67
97140	Manual therapy (each 15 minutes) - physical therapy	60.80	43.02	44.41	28.91	27.37	38.03
97014	Electrical stimulation - physicial therapy	56.05	34.84	34.92	13.20	12.35	19.27
97124	Massage (each 15 minutes) - physical therapy	52.36	37.05	38.24	25.07	23.67	32.96
99284	Emergency department visit; severe medical complexity	443.68	422.68	380.90	124.98	115.24	170.35
99283	Emergency department visit; moderate medical complexity	297.04	282.98	255.01	65.70	60.92	90.75
98940	Chiropractic manipulative treatment; spinal, 1-2 regions	56.47	47.19	44.37	25.94	24.61	34.98
99213	Office visit, established patient; typically 15 minutes	104.40	98.57	95.81	72.84	67.81	89.23
97012	Mechanical traction - physical therapy	56.94	35.39	35.47	15.99	15.06	20.79
97035	Ultrasound (each 15 minutes) - physical therapy	66.26	49.80	43.82	12.50	11.74	16.73
99214	Office visit, established patient; typically 25 minutes	151.30	142.85	138.85	107.90	100.61	133.85
97530	Therapeutic activities,improve functional performance (each 15 minutes); generally charged by Occupational Therapists	53.72	64.70	60.04	33.44	31.62	43.10
97112	Neuromuscular re-education (each 15 minutes) - physical therapy	77.69	54.97	56.74	32.05	30.33	42.08
72040	X-ray, spine, cervical; 2 or 3 views	161.96	124.57	128.38	41.59	38.29	54.76
72125	CT Scan - Neck	1,820.09	1,142.25	1,176.14	261.50	244.59	418.78
72141	MRI - Neck	3,258.68	2,045.08	2,105.76	483.98	452.40	769.63
72148	MRI - Low Back	3,278.55	2,057.55	2,118.60	484.31	452.56	765.57
72193	CT Scan - Pelvis	1,828.04	1,147.24	1,181.28	305.65	285.66	477.59
72050	X-Ray - Spine	227.55	175.02	180.37	55.89	51.79	77.06
29826	Surgery - Shoulder	2,806.13	2,201.71	3,041.06	730.70	654.87	939.98